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SUBJECT: KARBALA: MODERN ECONOMIC DEVELOPMENT VISION

REF: HILLAH 000096

¶1. (U) This is a Provincial Reconstruction Team (PRT) Karbala cable.

¶2. (U) SUMMARY: On June 29, PRT Karbala met with Provincial Council Chairman (PCC), Abdul-A'al Al-Yasiry, to discuss his vision for economic development and the conference in Lebanon. The PCC was returning from a two day Provincial Council Chairmans' conference in Najaf in which Baghdad, Diyala and the southern provinces participated. The southern PCCs had gathered to talk about the provincial powers law, the Samarra mosque bombing and they explored ways in which the PCCs could speak with one unified voice to the central government. Al-Yasiry expressed his concern about movement within the province of the PRT and recommended that it restrict its movement to the Governance Center only, where he explained it would be able to meet with all of it's the necessary contacts. The PCC expressed interest in attracting a wide variety of foreign investors in an effort to bring foreign capital and expertise to the business community in Karbala. As a former businessman and student of law, the PCC has a very modern approach to leading his province. END SUMMARY.

¶3. (U) The PCC, met with the PRT at the Regional Embassy Office in al-Hillah on his way back from a Shi'a dominated Provincial Council Chairmans' conference in Najaf province. While the specifics of that meeting are not available, al-Yasiry promised to send the meeting notes to the PRT at his earliest convenience. The PRT expects these notes to include the key recommendations sent to the Council of Representatives about the Provincial Powers Law. (SEPTEL)

ECONOMIC DEVELOPMENT MODEL

¶4. (U) Al-Yasiry's vision for economic development in Karbala is based on attracting foreign companies with their expertise and capital. He views local development as important, but incorporated within the context of foreign investor activities which he deems to be more efficient for generating jobs and investment dollars. In concert with this vision, al-Yasiry traveled to Kuwait and to Lebanon meeting with already established Iraqi businessmen and, using their connections and expertise, was able to generate interest in investing in Karbala. The two biggest projects currently on the horizon are a French-Lebanese cement company that is looking at building a facility in Karbala, and the International Airport request for bid that was published two weeks ago.

LEBANON TRADE CONFERENCE

¶5. (U) Making use of the network of ex-patriot Iraqis to generate business leads and identify potential investors is

evolving into the PCC's economic development strategy. The Lebanon-Karbala trade conference is a prime example of this. At this time, the conference is slated for September at the earliest. The first plans for the conference did not include a company exposition element. During the course of the June 29 meeting, the conference concept evolved to include an element of time and space dedicated to encouraging Iraqi and foreign companies to exchange contact, product and service information. Al-Yasiry is interested in capitalizing on USG support for the conference and will continue to keep PRT Karbala informed of developments.

¶16. (SBU) COMMENT: The PCC's business roots show through with his current drive to attract foreign investors. He cautiously skirted the conversation about the PRT being denied access to the province (REFTEL) and recommended that the PRT use the Governance Center as a meeting point with local contacts. While this in theory is feasible, access to the Governance Center for PRT contacts would reveal their cooperation with the USG, and expose them to risk of intimidation or worse. The PRT continues to seek creative alternatives to meet and engage our local counterparts.

¶17. (SBU) COMMENT CONTINUED: PRT Karbala thanks Embassy Beirut for their continued support. The PRT will provide further information about the September Conference as it becomes available. At this time it appears that the scope of the conference is very small and more closely resembles a meeting with potential investors and Karbala government officials.

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